NSC BRIEFING

5 August 1958

LATIN AMERICA

- I. Major problem for US in Latin America is continuing political instability.
 - A. Since early 1955 Presidents of Panama, Nicaragua and Guatemala killed, and dictatorships of Honduras, Argentina, Haiti, Colombia, and Venezuela overthrown.
 - B. Danger spots--possible coup attempts, civil violence or civil war may erupt further in Cuba, Haiti, Venezuela, Panama, Colombia, Paraguay.
 - C. Causes are rooted in illiteracy, poverty, traditional political hatreds which make democratic procedures difficult.
 - Lower and middle classes, organized labor and student groups, increasingly active in politics. Their leadership and press often irresponsible.
 - 2. Instability of economies based on one commodity exports also a factor (Brazil--coffee, Chile--copper).
- II. Communists that have made some gains in penetration of governments, but not of military and are not dominant force in any country.
 - A. Their influence, however, out of proportion to numerical strength, and anti-Communist legislation not generally enforced.
 - B. Party membership and influence increasing somewhat in some countries.

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- 1. Venezuela: CP has doubled membership, gained respectability and prestige since Perez Jimenez ousted and party legalized.

 Participating in national political and labor groups, have favorable press, some penetration of government.
- 2. Argentina: CP has doubled membership since 1955, is largest in area, government climate favorable to continued growth.
- 3. Brazil: CP has surfaced top leaders--although party still illegal--attempting make deals with other parties for October elections for congress.
- 4. Chile: Party legalized this week by President Ibanez signature on new security bill. Communist-backed candidate running second in field of 5 for 4 September presidential elections.
- 5. Guatemala: Communists again active with return many exiles and strengthening of underground organization and front groups.
- III. Local CP's gain from increased Sino-Soviet Bloc attention to the area.
 - A. Bloc seeks to undermine US position in Latin America, expand trade diplomatic, cultural relations, increase bloc political-ideological penetration.
 - 1. Most recent gesture was inclusion of Latin America with other undeveloped countries in Khrushchev-Mao 3 August communique.
 - B. Trade with bloc is small part of total Latin America trade, but again on the increase.

- 1. This year may equal, possibly surpass, 1955 high of \$335 million.
- 2. Recent sizeable Soviet offers to Argentina, Brazil and Uruguay for barter or sale of oil and oil equipment.
- 3. Some governments of Latin America more receptive to Soviet bloc trade offers in view export surplusses, foreign exchange difficulties, and need for manufactured goods.
- C. There has been increase in Soviet bloc cultural, diplomatic and propaganda efforts.
 - 1. Some local pressures developing for renewing diplomatic relations, particularly in Brazil and Chile. USSR dip. missions in Mexico, Uruguay, Argentina; satellite dip. missions in Mexico, Uruguay, Argentina, Brazil, Bolivia—Czech consular office in Colombia. (In 1957 Czech legations ousted from Peru and Ecuador.)
 - While small part of total propaganda effort, Sino-Soviet bloc radio programs to Latin America increased considerably.
 (USSR to Latin America 35 hrs. a week, satellites 52 hrs. a week, Communist China 14 hrs. a week.) This spurred on by 16 hrs. a week by Radio Cairo.
 - 3. Chicom propaganda, cultural and trade efforts on increase.
- IV. Bloc attempting to exploit certain basic conflicts in US-LA relations.
 - A. Latin American countries tend to blame US for economic ills and underdevelopment.
 - 1. Pretext of anti-Nixon demonstrations Peru and Venezuela partly economic (mineral tariffs and oil import restrictions).

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- 2. Brazilian President Kubitschek has stressed US economic attention to Latin America in his proposals for reappraisal Inter-American relations.
- 3. Dr. Eisenhower's visit to Central America and Panama reagrded a success but in part dependent on follow-up US aid to area.
- 4. General belief in Latin America that US neglects it in relation other areas world.
- 5. Latin Americans generally do not understand US world responsibilities.
- B. Thus the principal Latin American objectives in relations with US are economic, and somewhat unrealistic.
 - 1. Latin American's want guaranteed minimum prices for basic export products or a fixed price ratio between their raw materials exports and US manufactured imports.
 - 2. They want long term government-to-government loans at low interest, with minimal conditions and restrictions.
 - 3. Another objective is removal of US tariffs and quantity restrictions on Latin American exports and cessation of what they claim is dumping of competitive US products in world market.
 - 4. Latin Americans want cheap or subsidized US technical aid under their supervision.
- C. Another basic problem is that statism in Latin America conflicts with US emphasis on private enterprise and development.

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- D. There is also a general resentment in LA of alleged US support of dictatorships.
- V. Latin American governments support US position in UN and OAS on major world problems.
 - A. Latin America generally sympathetic to US position in Near East crisis and troop landings in Lebanon.
 - B. But leftist and nationalistic opinion critical of US in world affairs, which Communists also quick to exploit.